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LAOS 1991 On the Defensive

Martin Stuart-Fox

In 1991, two political events of particular significance took place in the Lao People's Democratic Republic (LPDR): 15 years after the formation of the LPDR a new constitution was finally promulgated; and the Lao People's Revolutionary Party (LPRP) held its Fifth Party Congress. The first laid the legal foundation, the second the political basis for defence of the one party state in Laos, a defence for which the LPRP has sought support through a significant shift in international patronage. In response to the crumbling of Communism in the Soviet Union, the Party tenaciously maintained its monopoly of power, while continuing to adopt a flexible approach to the economy. Contacts with capitalist states, particularly with Thailand, continued to be cultivated, but for political support the LPDR turned increasingly to China. By these means an appearance of decisive forward-looking government was maintained, even though uncertainties remained — most notably in areas of leadership, where the succession and role of the army remained crucial, and minority and regional affairs, where the Party's attempts to re-centralize political decision making seem likely to run into opposition.

Background to the Constitution

The Constitution of the LPDR has been a long time in coming. The 46-member Supreme People's Assembly (SPA) appointed in December 1975 had as one of its tasks to draw up a constitution. To this end, a Constitution Drafting Committee was named under the chairmanship of SPA President Souphanouvong from which nothing was heard for the next eight years. In 1984 two Constitution Drafting Subcommittees were appointed: one to review whatever work had already been done, the other to "study and grasp the social situation". It was anticipated that a constitution would be ready in time for the tenth anniversary of the founding of the LPDR in December 1985.

The anniversary came and went, as did the Fourth Party Congress the following year. By this time the SPA, which had never acted as anything but a rubber stamp for the Party and was quite unrepresentative, had been reduced through death, imprisonment or the flight of members to Thailand to about two-thirds of its original membership. It was decided that nation-wide elections should be held at the district, provincial and national levels. New electoral laws were drawn up, and in March 1989 a new 79-member SPA was elected. Thereafter progress on the constitution quickened. A new 17-member Constitution Drafting Committee was

named, not by the SPA but by the Politburo, chaired by its second ranking member, SPA President Nouhak Phoumsavanh. The Party had decided it was time the country had a constitution.

The reason for this sudden urgency was not that Party leaders felt uncomfortable about exercising a monopoly of political power without proper legal basis. They had been doing that for almost 15 years in often arbitrary ways — confining thousands without trial in re-education camps, forcibly nationalizing industry and collectivizing agriculture. Pressure for constitutional backing for an effective legal system came rather from economic necessity and changes in the international balance of power. Co-operativization of agriculture ran into stubborn peasant resistance and had to be abandoned. State enterprises consistently lost money. Revenues never covered expenditure, nor did exports cover imports — neither of which mattered too much while the shortfall was made up by the Soviet Union. By the late 1980s, however, circumstances were changing in ways that threatened the Lao regime. Communism was collapsing in Eastern Europe and the Soviet Union was increasingly reluctant to provide continuing massive financial assistance. There was nothing for it, therefore, but to move further along the path already taken towards economic liberalization. A “new management mechanism” based on profit as the criterion of efficiency for state enterprises was introduced, subsidies were slashed, and the Lao economy was opened up to private investment. Increasingly, Thailand rather than Vietnam became the favoured model for economic development. The government set out to attract foreign capital, and to urge overseas Lao to return and invest. Both wanted legal protection: foreign investors in the form of a legal framework of commercial law to regulate such matters as contracts, insurance and labour relations; overseas Lao in the form of guarantees that their persons and property would be inviolable. Both required a proper constitutional basis. By 1989, therefore, it was evident that promulgation of a constitution could no longer be delayed.

On 4 April 1990, a first draft constitution was presented to the Politburo, which approved it as a basis for nation-wide consultation. The draft was published in the Party newspaper *Pasason* (The People) on 4 June 1990, and Party branches, ministries, mass organizations and provincial authorities were invited to give their views on the document. This provided an opportunity for critics of the regime to speak their minds. Influenced by events in Eastern Europe, an informal network of some 40-odd younger intellectuals and bureaucrats, loosely labelled social democrats, began arguing that Laos too should move towards a multi-party democratic system of government. To this end they focused criticism on the first article of the draft constitution which defined the LPDR as “a people’s democratic state under the leadership of the Lao People’s Revolutionary Party”, a provision giving constitutional force to the leading role of the Party thus virtually precluding any possibility of multi-party democracy.

At first the authorities were slow to respond to such criticism. A warning was issued by a member of the Drafting Committee, Chaleun Yiapaoheu, in commenting on Article 26 guaranteeing freedom of assembly. This did not, he noted, permit either public demonstrations calling for a multi-party system or formation of political associations endorsing such a goal (Radio Vientiane, 19 June 1990). Buoyed up by reports of demonstrations by Lao students in Prague and Warsaw calling for

multi-party democracy, leaders of the social democrat group in Vientiane went so far as to circulate highly critical letters of resignation from the Party. That was in August. On 8 October 1990, following purges of liberal critics in Vietnam and Cambodia, the three most outspoken leaders of the movement were arrested and incarcerated in Vientiane's Sam Khe prison. Despite appeals by Amnesty International, they were still being held without trial more than a year later.¹

Consultation and discussion continued in the lead-up to celebrations marking the fifteenth anniversary of the LPDR in December 1990. By March 1991 a second draft was ready, purporting to incorporate popular criticisms of the first draft. The new version comprising 82 articles, compared to 73 in the first draft, was submitted for discussion prior to the Fifth Party Congress. As a result of further deliberations, a third draft was drawn up containing 80 articles. It was this draft that was placed before the SPA in August 1991 and unanimously endorsed as the Constitution of the LPDR.²

Constitutional Provisions

The Constitution opens with a preamble invoking the heroic history of the Lao state, and credits "the correct leadership of the former Indochinese Communist Party and the present Lao People's Revolutionary Party" with creating a new era of genuine independence and freedom. The country, it is stated, "required" the Constitution "at this new period" in its development. Its promulgation, it is claimed, constitutes the first time "the rights to mastery of the people have been defined in the fundamental law of the country". The two strategic tasks of defending and building Laos as a country of peace, independence, democracy, unity and prosperity are referred to, but nowhere is there any mention of socialism, even as a distant goal.

Comparison of the three drafts of the Constitution reveals how political priorities have evolved within the Party. Division into 10 chapters has remained constant, but the balance of powers given to institutions defined in different chapters has altered in significant ways which have important political implications. Chapters define the political regime, the socio-economic system, rights and obligations of citizens, the National Assembly (so named in preference to the Supreme People's Assembly in the third draft), the State President, the Government (in preference to the Council of Ministers), local administration, the judicial system, national symbols, and amendment procedures.

In the final draft, the controversial first article of earlier drafts has been omitted. The former second article defining the LPDR as an independent, sovereign and unified country is now the first article of the Constitution. However, the leadership role of the LPRP has been introduced in Article 3 where it is described as the "leading nucleus" of the political system. Nowhere else is the Party mentioned. The LPDR is, however, defined as a "People's Democratic State" (Article 2), all of whose organizations "function in accordance with the principle of democratic centralism" (Article 5). "Workers, farmers and intellectuals" are defined as the "key components" of "the multi-ethnic people", all reference to other groups such as craftsmen, small proprietors, traders and national capitalists mentioned in earlier drafts being dropped.

Marxist principles are evident in the formulation of the Constitution, though they have been tempered by liberal notions to reflect present realities and demands. Thus

for example, “the rights to mastership [usually translated ‘mastery’] of the people” are to be promoted by mass organizations (Article 7), while all reference to such rights have been deleted from Article 6 where originally the state itself was committed to their promotion. In the final Constitution, the state now protects the “freedom and democratic rights of the people which cannot be violated by anyone”, and goes on to prohibit “all acts of bureaucratism and harassment that can be physically harmful to the people and detrimental to their honour, lives, consciences and property” (Article 6), which considerably strengthens the provisions of the first draft.

The question is whether this apparently strong defence of individual rights can be taken at face value, or whether it needs to be “decoded” and understood in the context of current political practice in the LPDR³ — just as the right to freedom of assembly guaranteed in Article 31 has to be understood as not applying to political associations that in any way challenge the monopoly of power of the LPRP. A similar question hangs over Article 9 which commits the state to respect and protect “all lawful activities” of all religions and, added in the final draft, to mobilize and encourage monks and priests “to participate in activities which are beneficial to the nation and people”. What constitute lawful activities and those “beneficial to the nation and people” will presumably be determined by the Party, which allows the authorities ample opportunity to interfere in any practice to which they object. (Articles 8 and 11 of chapter 1 relating to ethnic minorities and the armed forces will be discussed below.)

Chapter two of the Constitution dealing with the socio-economic system illustrates, as might be expected, the tension the framers of the Constitution have experienced between a continuing commitment to some aspects of socialist economic policy and planning, and the need to provide an acceptably liberal framework for foreign and domestic private capital investment. The economic system of the LPDR is described as “multi-sectoral” and the objective of economic development as being to transform “the natural economy into a goods [market] economy” (Article 13). The state specifically guarantees protection of “private ownership of domestic capitalists and foreigners” (Article 14). At the same time, the economic role of the state has been reduced. Earlier drafts specified a role for the state in “developing productive forces” through state involvement in agriculture, forestry, industry, transport and communications, and trade. This section was omitted from the final Constitution, as were references to the state “orchestrating” relations between different sectors of the economy. The state’s role in “managing” the economy in earlier drafts is reduced to no more than “adjustment” in the final one. Also, landownership, in the final draft, belongs to the “national community” (Article 15), not the state which is said to “represent” it in earlier drafts.

In the field of social policy, the new Constitution specifically permits establishment of both private schools “which function under the curricula of the state” (Article 19) and private medical services (Article 20). In the first and second draft, education was to be “one step ahead” and to have the ideological task of building “the new man”. Reference here was to the third of the three revolutions (in the means of production; in science and technology; and in ideology and culture) necessary to effect the transition to socialism. In the final draft, the only educational goal specified is to produce “good citizens”.

Chapter three of the Constitution defines the rights and obligations of citizens. From drafts one to three, the number of articles in this chapter increased from 10 to 17 to 18. Five new articles resulted from dividing earlier ones, and one simply defines a Lao citizen as someone with Lao nationality (as defined by the recent nationality law). New articles provide the right to education (Article 25), and to freedom of movement and settlement (Article 27). The usual political and civil rights are protected, though several articles stipulate that their exercise should not be contrary to the law. Recommendations by Amnesty International made in a long submission to the government that rights should be without restrictions other than those “necessary in a democratic society” have been ignored. Though the “bodies and houses” of Lao citizens are “inviolable” (Article 29), there is no provision against torture.

In chapter four the former Supreme People’s Assembly has been renamed the National Assembly, the term used by the former regime. Taken in conjunction with chapter five defining the role of the State President, significant changes have been introduced between the first two and the final draft, the impact of which has been to strengthen the powers of the State President in comparison with those of the President and Standing Committee of the National Assembly. The latter has lost powers to issue decrees, to appoint and remove members of the Supreme Court and ambassadors of the LPDR, to ratify or abolish treaties with foreign powers, to decide senior military promotions, to grant pardons, confer medals or order military conscription, and to declare war if the National Assembly was in recess. All these are powers of the State President in the final Constitution, with the exception of the last which must be referred to a recalled sitting of the National Assembly (Article 40). The Assembly has been given stronger supervisory powers over the government by having the right to pass a vote of no confidence. If, after the State President requests the Assembly to reconsider its vote, a second vote of no confidence is passed, the government is forced to resign (Article 61). It is not the National Assembly that appoints the government, however. The State President appoints the prime minister who in turn selects his cabinet (Article 60).

The office of State President has been strengthened by addition of the above powers. The final draft also gives the President the right to preside over meetings of the government “when necessary” (Article 53, point 7); to “appoint, transfer or remove the governors of provinces and the mayors of municipalities” (Article 53, point 4) and makes him or her “the Head of the people’s armed forces” (Article 53, point 6). These additions are most significant. In exceptional circumstances the President could presumably act as his or her own prime minister. The right to name and remove provincial governors is important in the Lao context, given the degree of decentralization of political power and the propensity for provincial leaders to establish regional power bases. Command of the armed forces places the military under civilian control, a point to be discussed below.

An important addition to the second draft which is included in the final Constitution is provision for election of a Vice-President. Like the State President, he or she is elected by the National Assembly (Article 53). The government is defined as “the administrative organisation of the state” (Article 56) but has the power to draw up laws, strategic development plans, and national budgets for submission to the National Assembly.

Chapter seven on local government has undergone the most substantial changes in the course of drafting. The six articles in the first draft were expanded to eight in the second, but reduced to just three in the final draft where no mention is made at all of representative councils or committees at the local, district or provincial levels. Presumably such bodies will be legislated for by the National Assembly, but to deny them any constitutional basis would appear to weaken democratic institutions at the local and regional level.

Chapter eight separates the People's Courts from the Public Prosecution Institutes. In the final draft, judges at all levels are appointed and removed by the Standing Committee of the National Assembly, and no mention is made of people's assessors. The effect of these changes is to place the administration of law for the first time in the hands of a trained judiciary. A final symbolic change occurs in the final draft of chapter nine defining the national language, emblem, flag, anthem and capital. The hammer and sickle and gold star at the apex of the emblem have disappeared. In their place is the silhouette of the sixteenth-century Buddhist stupa known as the That Luang.

The Fifth Party Congress

The Fifth Congress of the LPRP held from 27–29 March 1991 cleared the way not only for promulgation of the Constitution but also for significant changes in the leadership of the Party and the state. Although the Party took the opportunity to confirm its commitment to continuing economic reform, political concerns outweighed economic ones. No report was presented on the last five-year plan, and no outline was provided of any future such plan. Considerable attention was given, however, to political matters. The Party gave notice that it has no intention of relinquishing its monopoly of political power. Much emphasis was placed on the need for “renovation” of both the political system and of the Party itself, extensive amendments being made to the Party statutes.

In his address to Congress delegates and the representatives of the only four fraternal parties to attend (the USSR, China, Vietnam, and Cambodia), Secretary-General Kaysone Phomvihane congratulated the Party for preserving the nation's independence and political stability in the face of “all-round severe sabotage activities . . . by hostile forces” and “numerous difficulties in the socio-economic situation”.⁴ In the light of events in Eastern Europe and the Soviet Union, simply still to be in power was apparently an achievement. Kaysone noted improvements in the economy and social sector, but castigated the Party for its failure to sort out relations between “various levels and services”, and between the Party and the state. Nevertheless, Kaysone claimed that “the general policy laid down by the Party is basically correct”. What was essential was to maintain Party unity. “Inside the Party, especially its highest leading organs, there must prevail unity, on the basis of the political line and the Party's principle of centralized democracy”, Kaysone told delegates — a clear indication that divisions existed within the Party at least at the level of the Central Committee, if not within the Politburo.

Kaysone argued strongly that the Party should retain its “leading role”; in other words Laos should remain a single-party state. Renovating the political system,

Kaysone insisted, “does not mean to replace the political regime by another one, but to consolidate the organizations of the people’s democratic political system and renovating the way they function”. The system in Laos comprised the LPRP, state institutions, the Lao Front for National Construction (LFNC) and mass organizations, each of which needed strengthening.

Beginning with the Party, it was “absolutely necessary to enhance the Party’s leading role”. This should be done by reinforcing the Party’s responsibility to the masses, stepping up its “ideological work”, improving its organizational methods, and relationship with the masses, improving the education of cadres, and improving the quality of inspection. To this end the Party itself should become more democratic, Kaysone told delegates, for democracy was the “basic principle” underlying the Party’s organization. Democracy should be enhanced “in informing Party cadres and members, in making resolutions, in electing leading bodies of the Party . . . in studying theory and science, in cadres’ work, in taking disciplinary measures, in Party members expressing their views . . .”. At the same time, Kaysone emphasized, “we must clearly acknowledge that our Party’s democracy is a centralized one” in which “the minority must yield to the majority” and lower organizations execute the orders of an upper organization.

The emphasis placed on improved training of cadres and the need for effective inspection suggests that these are areas where the Party has been weak in the past. However, the more significant implications are for the future. Cadres must be ideologically committed to the Party and its policy line, be competent to lead the masses and promote the Party at the “grassroots level”, be loyal to the Party organization for which they should have high respect, and be disciplined and honest. To this end cadres will need to be carefully selected and trained, and their work will need to be rigorously inspected and controlled. “Inspection should be comprehensive and cover all spheres of social life”, Kaysone declared. “An important content of inspection [or control] is to put an end to bureaucratism, abuse of power, parochialism, groupism, dishonesty and wrong behaviour such as: State property embezzlement, corruption, bribery and lack of sense of responsibility”. On an equally ominous note Kaysone stated that “the internal unity and unanimity of Party committees” was another matter for inspection. Party control and discipline are thus to be tightened rather than relaxed. Evidently no *glasnost* is to be permitted in the Lao context. The model to be followed is that of China, not the Soviet Union.

Amendments to statutes of the Party passed by the Congress are revealing for the way they address Kaysone’s concerns. The leading role of the Party, internal Party discipline, and the inspection and control mechanism are all strengthened. The LPRP is now defined in the preamble as constituting “the political general staff, the organized vanguard and representative of the Lao working class, workers of all ethnic groups, and the Lao nation”.⁵ Its goal is to lead “the entire nation” in making Laos “a country of peace, independence, democracy, unity and prosperity, and creating the prerequisites for advancing step by step towards socialism”. This it does by relying on the “general tenets of Marxism-Leninism as the basis for its ideology and theory”. Thus the statutes of the Party say what the Constitution does not.

New criteria are now in force on prerequisites for Party membership, while the

duties of Party members have been tightened to emphasize obedience and loyalty to the Party. Discipline has been reinforced by stipulating that while members have the right to put their own views about matters under discussion, “when it is decided one must accept and strictly implement the decision of the meeting” (Article 3). In the new economic environment, however, although members should have “a simple lifestyle” they have the right to “build a household economy according to the law” without laying themselves open to criticism or slander — which can only mean that better-off party members are to be allowed to enjoy their good fortune!

Party organization, especially at the grassroots level, has received special attention. Its tasks now emphasize the importance of building the Party structure and implementing Party policies. The control or inspection function has been strengthened at all levels to ensure that Party members and organizations conduct themselves in accordance with Party policy and the principle of democratic centralism. A new article enjoining members to “study, firmly grasp, and correctly and strictly implement Party discipline” has been added (Article 37).

Two new chapters have also been added on the role of the Party in the political system and in relation to the armed forces. Chapter six strengthens the political role and status of the Party by ensuring that it constitutes “the leading core in the entire political system, the focus of intellectual achievement, and the representative of the interests of the people of all [social] strata”. Its mode of operating within and through state institutions and mass organizations is through “the leading role and good example set by Party cadres” working in those organizations. Chapter seven is even more interesting for it firmly asserts Party control over the armed forces. Its inclusion in the Party statutes is especially significant in view of the question of leadership succession in the LPRP.

Leadership and the Army

The Fifth Party Congress, unlike the previous one, made significant changes to the Party leadership, and thus to the leadership of the LPDR. The Congress took place in the shadow of the sudden death in January of Sali Vongkhamsao, ranking member of the Politburo and Minister of Economy, Planning and Finance. He was 66. Sali was generally considered to be a frontrunner in any contest to succeed the ageing leadership of the Party, and was widely tipped as a likely future Secretary-General. His death thus highlighted the question of succession just prior to the Congress. As it was, three senior members of the Politburo resigned due to poor health and old age. They were Souphanouvong who also stepped down from the presidency, Phoumi Vongvichit who had been acting-president since Souphanouvong’s illness in 1986, and Sisomphon Lovansai, one of the Party’s leading organizational cadres and vice-president of the Supreme People’s Assembly. All three were named to a new Advisory Committee to the Party Central Committee comprising “former veteran Politburo members endowed with reputation, virtue, capacity and political steadfastness”. A fifth member of the Politburo, the Vientiane Municipality Party Secretary, General Sisavath Keobounphan, was demoted to number 15 on the Central Committee. No reason was given for Sisavath’s demotion, but privately he was accused, among other things, of corruptly benefiting from recent foreign investment

in the Vientiane area, of being too close to the Thai military, and of being a divisive influence within the Party.

To fill these five positions on the Politburo both alternate members were raised to full membership (Oudom Khatthigna, head of the Party's Central Propaganda and Training Committee, and Lieutenant-General Choummali Saignason, Deputy Minister of Defence). Somlat Chanthamat was promoted from the Secretariat (its only member not already in the Politburo) and the Secretariat itself abolished. Day-to-day running of the Party will now be the responsibility of the President or Chairman of the Party, formally known as the Secretary-General. Two new members were also promoted to the Politburo: the Minister of Commerce and Tourism, Khamphoui Keoboulapha who has experienced a meteoric rise since he was secretary of the Saravane Party Committee ranked forty-third on the Central Committee; and Thongsing Thammavong, Vice-President of the SPA. No alternate members were elected.

The membership of the Politburo now therefore has only four of the original seven members elected at the Second Party Congress, and confirmed at the Third Party Congress. Kaysone Phomvihane was elected President of the Party, his power enhanced further by being elected concurrently State President by the National Assembly at its August sitting. Also still powerful is Nouhak Phoumsavanh who surrendered his position as Deputy Prime Minister in charge of the economy in 1989 to run for election and to gain the Presidency of the SPA. Defence Minister General Khamtai Siphandon was promoted from fifth to third ranking member of the Politburo, while Foreign Minister Phoun Sipaseut is listed fourth.

In the government reshuffle resulting from promulgation of the Constitution and Kaysone's election as State President, Khamtai became Prime Minister, surrendering his Defence portfolio to his deputy Choummali. Phoun retained his position as Deputy Prime Minister and Foreign Minister. A further change in government saw Khamphoui also named Deputy Prime Minister and moved to the Ministry of Economy, Planning and Finance to replace the late Sali Vongkhamkao.

Changes were also made to the composition of the Central Committee. Its former 51 full and nine alternate members were reduced by one to 55 full and four alternate members. Two members had died and 13 more either retired or were demoted. One member was dropped for involvement in drug trafficking, and is now serving a seven-year sentence. The most significant demotion, however, was the dropping of Kaysone's wife, Thongvin Phomvihan. Again no reason has been given and no speculation on such matters ever finds its way into the controlled Lao media, but Thongvin, like Sisavath, is rumoured to have profited from the opening up of the Lao economy to private investment.

As if to balance Thongvin's demotion, among the 14 new members of the Central Committee the youngest (at 35) is Kaysone's son. Another new face is the Industry Minister, Soulivong Daravong, who happens to be Phoumi Vongvichit's son-in-law. Five members only of the Central Committee are women. The Committee has a younger average age compared to its predecessors, with its new members being notably more youthful. Forty-eight per cent of the Committee are under 49. Nine members only were former members of the Indochinese Communist Party, the forerunner of the LPRP which was dissolved in 1951, but 95 per cent are said

to have taken part in the revolutionary struggle; that is, were members of the Pathet Lao.

The Army has maintained its membership of the Central Committee at 14. It also has three full Politburo members, General Choummali replacing the demoted General Sisavath. However, with Khamtai's promotion to Prime Minister, the military has certainly strengthened its influence. In addition to Defence, army generals control the ministries of the Interior (Lieutenant-General Asang Laoli) and Education (Politburo member Lieutenant-General Saman Vignakhet). General Sisavath was appointed Minister of Agriculture and Forestry. These are key ministries. Overall, therefore, the military seems to have strengthened its position, both within the Party and particularly in government.

The Party seems to have been sufficiently concerned about the possible ambitions of the military to want to reinforce the leadership of the Party. The Constitution enjoins the defence and security forces to "enhance their loyalty to the country and people; protect the gains of the revolution; and contribute to the task of national development" (Article 11). A new chapter added to the Party statutes is much more specific. It states that: "The Party directly leads the People's Army and the People's Security Forces in a centralized, uniform and comprehensive manner" (Article 2). The Party Central Committee appoints the Committee for National Defence and Security under the chairmanship of the President of the Party. Moreover the Committee is to be under the permanent supervision of the Politburo. Also functioning "under the direct supervision of the Politburo" are the General Political Department of the Army and the Party Committee of the Ministry of the Interior. Committees for national defence and security are also to be established at the provincial (and in the case of Vientiane, the municipal) level, chaired in each case by the secretary of the provincial Party committee and with a membership appointed by the Politburo (to include other representatives of the provincial Party committee). No mention is made of military nominees. No other provincial committees are directly appointed by the Politburo, and that this is the case for provincial military and security committees shows how determined the Party is to keep control of the military. With examples like Thailand and Burma all too close at hand, perhaps this is not surprising.

At present the concentration of power in Kaysone's hands makes his position unassailable. Interest centres on the succession. Nouhak is believed to be in better health than Kaysone, but both are in their late seventies. Khamtai is ten years younger with powerful backing within both the Army and Party, and must now be considered the heir apparent. There would, however, be strong opposition within the Party to Khamtai becoming Party and State President. Whether or not the Party would be sufficiently united to support an alternative candidate is questionable given the strength of regional and family rivalries. Family membership and clan allegiance are the principal factors making for political preferment. To rise rapidly in the Party, as have Khamphoui, Phao Bounnaphon, and Khamtai Souphanouvong (who jumped from fifty-second to thirty-fourth in the Central Committee) it helps to be a protege or related by birth or marriage to one of the Party power brokers. Any agreement to support an alternative candidate to Khamtai Siphandon to succeed Kaysone would require some hard fought trade-offs — but that is how

politics is done in the LPDR. Perhaps more likely is that a collective leadership would evolve with power shared between the Party Chairman, State President and Prime Minister.

Ethnicity and Regionalism

Throughout the Constitution reference is made to the multi-ethnic Lao people, but only a single article is specifically devoted to ethnic minorities. Article 8 commits the state to promote “unity and equality” among all ethnic groups, which have the right “to protect, preserve, and promote the fine customs and cultures of their own tribes and of the nation”. The state is also committed “to gradually develop and upgrade” the socio-economic conditions of minority groups. “All acts of creating division and discrimination among ethnic groups are prohibited.”

Apart from these provisions no special constitutional status is granted to ethnic groups in terms of parliamentary representation or socio-economic opportunities. This is consistent with long-standing Lao Communist policy not to differentiate between ethnic groups by, for example, setting aside separate autonomous areas as in China, but rather to integrate minorities into the political, social and economic life of the country. Political representation at the provincial or national level is assured because in a number of regions Lao Soung and/or Lao Theung constitute a majority of the population. Despite this, however, minority representation is far from proportional to population. No breakdown has been given of the ethnic composition of the Party Central Committee. In the SPA elected in 1989, however, of 79 members 66 were Lao Loum, nine Lao Theung and four Lao Soung, and there is little reason to think that the proportions in the higher levels of the party are very much different.

Despite promises made during the “thirty-year struggle”, the minorities that supported the Pathet Lao have not seen much improvement in their standards of living over the last 15 years. Most major development projects have been concentrated in the more accessible lowlands. Moreover, mountain-dwelling minorities are under pressure to stop destructive slash-and-burn farming so as to preserve dwindling forests, a change they see as threatening their way of life.

As decentralization of decision making and economic liberalization left provinces free to draw up their own budgets, determine their own priorities, and develop their own resources, virtually without reference to authorities in Vientiane, central control to ensure that minorities were fairly treated virtually disappeared. As a result, schools and clinics in a number of minority areas have been closed for lack of finance, as funds were siphoned off by provincial authorities for other more profitable or personal purposes.

Provincial officials have profited greatly from withholding payments due to the centre, a revenue loss the country can no longer afford. Illegal trading and smuggling, especially of timber, have also deprived the government of much needed revenue. The centre has thus been forced to attempt to reassert control over the provinces though it is certain that the powers and prerogatives they enjoy will be jealously defended.

One problem is that while centralization of power may benefit minorities in provinces where local authorities have taken advantage of their permitted freedom

of action to deprive remote ethnic groups of a fair share of funds, it will be resented where minorities do have political influence. In provinces such as Sekong in the south or Phong Saly in the north, minority cadres control the provincial administration. How the Party handles these delicate issues, and how successful it is in bettering the lot of minority groups will be crucial not only for its own support base, but also for the future of the country.

The Economy: Liberal Reform on Course

In contrast to the new economic direction charted by the Fourth Party Congress five years earlier in endorsing the New Economic Mechanism (NEM), the Fifth Congress did not institute any radical economic change. It merely reinforced the thrust of reforms already introduced. No new five-year plan has been drawn up. In its place will be a two-year rolling programme indicating priority areas for investment. As for the next few years, Kaysone told Congress delegates, the “general orientations and tasks” are, among others, “to pursue the all-round restructuring tasks; [and] to actively promote the multi-sectoral economic system aiming at strongly developing the production forces [by] shifting from a natural and semi-natural economy to a market economy”. In other words, more of the same reforms with a view to rationalizing the national economic structure.

Since its introduction, Kaysone claimed the NEM had resulted in “a rapid national economic development of 5.5% a year”. Among the reforms carried out are the freeing of prices, elimination of restrictions on distribution of goods, elimination of subsidies and payment of civil servants in cash, unification of the exchange rate, reform of the banking system, reform of the tax system, reduction of government expenditure, and privatization of a number of state enterprises. As a result of these measures there was initially rapid growth in the money supply accompanied by high inflation. The consumer price index in Vientiane increased by about 54 per cent in 1989, but declined to just over 20 per cent in 1990, the last year for which figures are available.⁶ By mid-1991 inflation was running at just under 15 per cent. From about 480 kip to the U.S. dollar at the end of 1988, the exchange rate fell to just over 700 kip a year later, at which level it has remained generally stable through 1990–91. Despite efforts to control the use of foreign currency in the domestic market, Thai baht and American dollars continued to circulate freely. Under the July 1990 Central Banking Law, the Bank of the Lao People’s Democratic Republic now serves as a reserve bank to regulate and supervise the commercial and regional banks recently established to promote private investment.

An important effect of the NEM has been to transform the government budget. In 1987, 90 per cent of government revenue came from non-tax sources, most of it from the surpluses of state enterprises. By the following year the balance had shifted dramatically with three-quarters of revenue coming from taxation. Total revenue declined alarmingly, however. In 1989, a successful tax reform broadened the tax base by expanding coverage of personal income tax and corporate tax. Collection methods were improved with some categories increasing eightfold in 1990. At the same time, non-tax revenue increased from such sources as lease payments to the government and overflight charges. Of tax revenue in 1990, 48 per cent came from foreign trade, mostly from export duties, with 20 per cent each from profits

and turnover. Agricultural taxes accounted for less than 4 per cent, a priority policy area singled out by Kaysone for reform.⁷

On the expenditure side, while the government maintained as high a level as possible of capital expenditure (51 per cent in 1990), the salary component of current expenditure increased substantially as a result of wage rises to cover elimination of subsidies on basic items in state shops. Some salaries were not paid, and hundreds of jobs were lost in health and education. Overall, the budget deficit grew substantially in 1989 and 1990, but is beginning to fall as a percentage of GDP as the NEM reforms take effect and the economy grows. Presenting his first budget to the National Assembly, Economy, Planning and Finance Minister, Khamphoui Keoboulapha, put revenues at 79.5 billion kip (a 31.4 per cent increase over 1990) as against the expenditure of 204 billion kip. Only 101.9 billion kip was expected "from foreign sources" leaving a deficit of 22.6 billion kip (*Khaosan Pathet Lao, News Bulletin* [hereafter *KPL.NB*] 19 August 1991).

The pattern of Lao trade reveals a shift in both exports and imports from the non-convertible (Socialist Bloc) area to the convertible area. Thus export growth in 1990 (up 7.7 per cent to US\$68.2 million) reflected a 17 per cent growth to the convertible area together with a 19 per cent decline to the non-convertible area. Imports also grew (by 6 per cent to US\$240 million) in 1990 (up 16 per cent from the convertible area and down 12 per cent from the non-convertible) reflecting a continuing serious imbalance in the terms of trade. Increase in the deficit, however, was more than covered by external assistance aimed at helping the country adjust to the effects of the NEM. As a result, the international reserves of the LPDR actually increased by almost 50 per cent (to US\$61 million by the end of 1990). In 1990, total foreign assistance approached US\$150 million. Debt servicing, however, is becoming urgent. Between 1975 and 1990 the LPDR received US\$2,347 million in foreign assistance, 47.5 per cent gratis and 52.5 per cent as loans. Debts to the convertible area were estimated at the end of 1990 at about US\$300 million, with debts to the non-convertible area (mainly the Soviet Union and Vietnam) as high as US\$700 million calculated at the present ruble exchange rate. However, if the ruble is made convertible, as seems certain, the Lao debt would be substantially reduced in dollar terms.

Turning to particular sectors, while agricultural production was encouraging in 1990 (with rice production up to 1.5 million tons), the outlook for 1991 is much less so. Mid-year drought in provinces the length of the Mekong was followed by severe flooding later in the year. Estimates of crop loss were placed by Lao authorities at more than US\$3.3 million (*KPL.NB*, 9 September 1991) with 93,000 out of 403,000 hectares affected leading to a likely shortfall of 185,000 tons on total production of under 1.1 million tons (*KPL.NB*, 22 September 1991), a catastrophic decline from 1990 when 1.5 million tons were harvested. The government is mounting a programme to compensate for losses by providing inputs for a second crop wherever possible and encouraging planting of root crops. In the longer term, emphasis is to be placed on improving household production rather than on larger projects such as dams and irrigation works in order to promote what Kaysone called "commodity agriculture".

In forestry, one of the country's most valuable natural resources, emphasis is to

be placed on completing an inventory of the 40 per cent of forests remaining and an action plan covering management, protection, and reforestation. Estimates are that some 300,000 hectares are being lost annually as a result of uncontrolled exploitation and slash-and-burn agriculture. Control of logging was introduced in 1989 with a ban on export of unprocessed logs, except to fulfil existing contracts. As a result 1990 production was 40 per cent down on the 1988 figure. In August 1991, a prime ministerial decree banned all timber extraction until further notice. (*Indochina Chronology* 10, no 3 [July–September 1991]: 15) It was revealed that in Vientiane province alone logging companies owed the government 2.5 billion kip (more than US\$3.5 million) in unpaid revenue from the 45 per cent of proceeds due to the state (*KPL.NB*, 4 October 1991). Companies were given a month in which to pay up. Although the province was given a quota of 8,000 cubic metres for 1991 (of which 5,622 had been cut) inspectors from the Ministry of Agriculture and Forestry found more than 24,000 cubic metres of illegal logs and sawn timber. It has long been known that corruption was rife in the timber industry especially in Vientiane province though other provinces such as Sayaboury, Khammouane and Savannakhet are believed to be almost as bad. The total ban on timber extraction would appear to be a desperate bid to prevent the total destruction of Lao forests to supply Thai, Vietnamese and Japanese interests, and to retain the resources necessary to support a Lao timber industry adding value to the product, a priority noted by Kaysone. Whether the ban can be enforced, however, is another matter.

The ban on timber will further erode Lao terms of trade. To some extent this will be overcome by revenue from the additional export of electricity from the newly completed Xeset 20 megawatt Hydroelectric Power Station (estimated at US\$45 million a year), and from increased industrial production (up 16 per cent in 1990). Efforts are under way to boost mineral, especially tin, production by entering into joint production arrangements with foreign companies. During 1989 and 1990 the government approved 104 foreign investment projects (40 per cent being Thai ventures) valued at US\$233.6 million, though projects actually under way amounted to US\$189 million (*KPL.NB*, 8 January 1991). Apart from manufacturing and handicrafts (especially textiles for export), investment was in services and tourism, including the planned construction of a new five-star hotel in Vientiane.

Major projects are under way to improve facilities for trade and economic development. Sections of the main highway (Route 13) north and east from Vientiane are being surfaced; Route 9 which links Savannakhet on the Mekong with the Vietnamese port of Danang is being upgraded; and the Asian Development Bank has agreed to provide a US\$34 million loan for construction of a section of road north from Luang Prabang to Ban Nam Bac where it will connect with the road to Muong Sai and the Chinese-built network of roads in northern Laos. Major bridgeworks include a Soviet Bridge over the Sedone river at Pakse and the Australian bridge over the Mekong from Nongkhai to Thadeua, south of Vientiane, due to be opened in April 1993. Feasibility studies are also under way for a second bridge across the Mekong further south, probably at Savannakhet to link up with Route 9 and open up communications and trade links between northeastern Thailand and Vietnam.

Telecommunications have been greatly improved through Australian construction

of a new Earth Satellite Station, while the capacity of the domestic telephone system has been increased. New air links are being opened up by Lao International, the newly-named international wing of the government airline, now contracted out to private management. Flights to and from Bangkok, Hanoi, Phnom Penh and Ho Chi Minh City are presently operating, while negotiations are under way for additional destinations, including Singapore, Yangon, Chiangmai, Hong Kong, Kunming and even Beijing. Internally, Lao Aviation is upgrading its fleet through purchase of four Chinese Y-12 aircraft and two larger ATR-42 passenger aircraft from France. Meanwhile an Australian company, Lao Westcoast Helicopters, has begun flying charter flights out of Vientiane throughout northern Laos. The increased tourism which should result from improved communications, new hotels and establishment of branches of major international tourist organizations in Laos should become a major source of foreign currency. In the first half of 1991, almost 3,000 tourists visited Laos, about the same level as in 1990, but a figure set to increase substantially over the next few years.

Foreign Relations

Paradoxically, the collapse of Communism in Eastern Europe and the Soviet Union has had the dual effect of convincing the Lao authorities to strengthen their ties with neighbouring Communist states (Vietnam and particularly China) while simultaneously seeking friendly relations with the Association of South East Asian Nations (ASEAN) and the West. This dual policy is necessary on the one hand to gain political support for the LPRP in its determination to continue to exercise a monopoly of power, and on the other to ensure the economic assistance and investment essential to replace previous Soviet largesse in funding the country's development programme. The task has been made easier by Vietnam, which has simultaneously restored diplomatic relations with China while applying to become party to the Bali accord between ASEAN states. In Vientiane, it is widely considered merely a matter of time before Laos becomes a member of ASEAN.

Relations with Vietnam remain close. Kaysone paid an official visit to Hanoi in October 1991, his first foreign visit as State President. While no mention was made of the "special relationship", a joint statement did reaffirm the determination of the two countries "to increase the friendship and special solidarity between the two parties, states and people", and endorsed the efforts of both to improve relations with China and ASEAN. The new Chairman of the Lao Front for National Construction, Maisouk Saisompheng, also made his first foreign visit to Vietnam, and numerous other delegations were exchanged. In January a new economic and cultural co-operation agreement was signed for 1991, which allowed for trade to be conducted between the two countries in convertible currency, amounting to US\$14 million worth of trade in each direction.

It has been the relationship between Laos and China, however, that has developed most markedly during 1991. Chinese Prime Minister Li Peng paid an official visit to Laos in December 1990. This was followed by Foreign Minister Phoun Sipaseut's visit to Beijing in April 1991 to mark the thirtieth anniversary of the establishment of Lao-Chinese diplomatic relations. He was followed by Defence Minister Choummali, and by Khamtai on his first overseas trip as prime minister

in October. Other contacts were stepped up on a number of levels — between parliamentary, military, and friendship delegations, on a province to province basis, and through increased cross-border trade. A border agreement was signed and teams sent jointly to carry out the demarcation. A new air route has been opened by a Chinese airline, and Laos has bought passenger aircraft from China. The Chinese have agreed to increase aid to Laos. Construction was due to begin on a dam on the Nam Tha river by the end of 1991, and discussions have been held on Chinese assistance to build a cement factory. China will probably agree to assist in road construction, and to concentrate assistance in the priority northern provinces of Laos. The significance of this rapidly developing relationship lies in the political support Laos is now in a position to receive from China. In fact not only is China evidently replacing the Soviet Union as Laos's great and powerful Communist patron state, the blossoming Chinese-Lao relationship also threatens to undermine still further what remains of the "special relationship" between Laos and Vietnam.

Lao relations with the Soviet Union and the former Soviet Bloc, by contrast, have inevitably deteriorated as a result of the eclipse of Communism. The Soviet embassy has held occasional briefings to try to explain events to bewildered Lao officials, many of whom have spent time in the Soviet Union. Laos was quick to recognize the independence of the three Baltic states, but privately Lao party members found it difficult to grasp what was going on. In January a Soviet delegation to Laos signed three documents defining the new basis for economic co-operation, for trade in convertible currency, and for repayment of Laos's debt to the USSR. A figure for the debt was not released, but repayment will be in the form of goods until the year 2005. The Russians agreed to continue their aid to the Lao-Soviet Friendship Hospital and for important bridge works, and later in the year a Russian delegation reiterated their country's desire to maintain friendly relations with Laos. As for other former Soviet Bloc states, most have now either closed their embassies in Vientiane, or reduced their representation to a minimum.

Relations with Thailand continued their equivocal pattern of the last two or three years, marked on the one hand by warm attraction and on the other by a degree of reserve and suspicion concerning Thai intentions. Thai foreign minister, Arsa Sarasin visited Vientiane in March. Talks led to agreement on "six sensitive issues". These were: withdrawal of troops from disputed border areas; withdrawal of support for Lao rebels in Thailand; resettlement of refugees; an end to the monopoly on transport of goods to and from Laos via Thailand; reduction of tariffs on Lao agricultural produce; and establishment of a committee for Lao-Thai co-operation to deal with bilateral issues. On all these the Thais took action. Lao anti-Communist guerrillas were ordered expelled in June, though in January 1992 a group crossed into Laos in a last ditch attack timed to coincide with President Kayson's official visit to Bangkok. Both countries accepted a UNHCR plan for the phased repatriation of Lao refugees in Thailand, a process to be completed by the end of 1995. No progress was made, however, on resolving disagreement over delimitation of their common border, the issue that has twice led the two countries to armed conflict in the last decade, though a General Border Committee has been established to deal with border disputes.

Thai Army Chief General Suchinda Krapayoon also visited Vientiane at the

invitation of his Lao opposite number, but it was the symbolic gesture by Laos in awarding popular Thai Princess Sirindhorn the first Lao Medal of Honour that indicated how close relations between Laos and Thailand have now become. Sirindhorn's visit to Laos in March 1990 was the first to the LPDR by a member of the Thai royal family. The new Medal of Honour was established by the Supreme People's Assembly as the country's highest award for foreign dignitaries. It was presented by Lao Foreign Minister Phoun Sipaseut during a special visit to Bangkok for the purpose in April, when he was also received in audience by the King. That the first award of the medal went not to a Vietnamese or Soviet leader, but to a Thai princess, says much about the changing context of Lao foreign relations. Thailand meanwhile is directing fully a third of all its foreign assistance to Laos, including provision of 230 scholarships a year to Lao students to study in Thai institutions.

Relations with other ASEAN states continued to be friendly, with Laos supporting the Vietnamese on Cambodia, while encouraging the evolving compromise leading to the October peace agreement between the four Cambodian factions. With Burma, an agreement on a joint survey of the Lao-Burmese border was signed in June, with the first border post being laid in October. The two countries in the meantime raised their representation to full resident ambassadorial level for the first time, and a Lao deputy foreign minister visited Yangon.

Relations with the United States continued to improve, with a long-sought breakthrough coming in November with President George Bush's announcement that it would upgrade its representation in Laos to full ambassadorial level. The United States continued to fund a minor aid programme, and obtained Lao agreement to permit Peace Corps workers to teach English in Laos for the first time ever. Two senators visited Vientiane in April, and six congressmen in August, but the issue of Missing in Action (MIA) servicemen continued to be a major American concern. One crash site was jointly excavated in February, and a series of other excavations were planned. It was with some exasperation, however, that a Lao official denied yet again that any American MIA was alive in Laos. The man rumoured to be American was a bearded Montagnard. (*KPL.NB*, 8 October 1991).

Relations with France received a significant boost with the attendance of President Kaysone at the summit meeting of French-speaking countries in Paris in November, and the subsequent visit of French Foreign Minister Roland Dumas to Vientiane later in the month promising increased French aid. With other countries Laos maintained its traditional friendly relations — notably with Sweden, Australia, and Japan. All continued useful aid programmes that went some way towards compensating Laos for the loss of Soviet support: Japan in providing one billion yen of assistance to the agricultural sector; Sweden in road construction and forestry; Australia in the Mekong bridge. Germany cancelled all outstanding Lao debts (of US\$29.4 million). The World Bank and Asian Development Bank provided substantial loans not only for infrastructure development, but also for social projects, notably in a concerted programme to raise educational standards.

Conclusion

Overall, therefore, 1991 was the year when the Lao People's Revolutionary Party took defensive action to preserve its monopoly of power. The Party has determined

on the need for more central control, both political and economic, over the provinces, and has taken steps to reinforce its own organization and authority. Agitation for a multi-party democracy has been suppressed. Political indecision was overcome at the Fifth Party Congress, and the new Constitution at last provides a legal basis for the Lao state. Warm relations with China guarantee powerful political support for these policies. Despite a significant reduction in aid from socialist countries, Laos worked hard to extend its circle of friends. The economic reforms of the last two years, while their implementation has been patchy, are beginning to work. All seems well on the face of it — unless, that is, a leadership succession crisis should erupt and the political authority of the LPRP be thrown into question.

NOTES

1. See Joseph J. Zasloff and MacAlister Brown, "Laos in 1990: Socialism Postponed but Leadership Intact", in *Southeast Asian Affairs 1991* (Singapore: Institute of Southeast Asian Studies, 1991), p. 151; Martin Stuart-Fox, "Laos at the Crossroads", *Indochina Issues* no. 92 (March 1991), p. 3; and Amnesty International, "Lao People's Democratic Republic: Political prisoners still held", *ASA* 26/04/91 (September 1991). Lao students returning from Eastern Europe where some demonstrated for a multi-party system are also reported to have been arrested and sent to Sam Neua for re-education, and towards the end of the year there were unconfirmed reports that many more "dissidents" had been detained.
2. The first draft was translated by Amnesty International as an appendix to "Lao People's Democratic Republic: The Draft Constitution and Human Rights", *ASA* 26/03/90 (December 1990). The second draft was circulated in the form of an unofficial translation by Dr Bounmy Pabphavong of the Supreme People's Assembly (dated 2 April 1991). The third draft was in the form of a "non-official translation" circulated in the name of "The National Assembly of the Lao People's Democratic Republic, 1991". A detailed analysis of the constitution appears in Martin Stuart-Fox, "The Constitution of the Lao People's Democratic Republic", *Review of Socialist Law* 17, no. 3 (1991): 1–19.
3. As suggested in a confidential commentary on the Constitution written by Somphavan Inthavong, a Deputy Minister of Economy, Planning and Finance.
4. An English translation of the "Political Report of the Executive Committee of the Central Committee of the Lao People's Revolutionary Party presented at the Vth Party Congress" read by Kayson was made available to embassies and foreign delegations.
5. The "Report of the Executive Committee of the Party Central Committee on amendments to the Statute of the Lao People's Revolutionary Party at its Vth Congress" was read by Oudom Katthigna, Chairman of the Party's Propaganda and Training Committee.
6. Figures in this section are compiled from reports by the World Bank, Asian Development Bank, and the United Nations Development Program.
7. Some 60 to 70 per cent of agricultural taxes amounting to around one billion kip are never collected. The Economist Intelligence Unit, Country Report (Laos), no. 4 (1990).

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